

# **MNM3711 - SELF ASSESSMENT QUESTIONS**

INTERNATIONAL  
MARKETING SELF  
ASSESSMENT  
QUESTIONS

**MNM 3711**  
**SELF ASSESSMENT**

**STUDY UNIT 1:**

1. **Define marketing and its constituent elements.**

*Process of planning (1) and executing the conception(2), pricing (3), promotion(4) and distribution of ideas (5), goods and services (6) to create exchanges that satisfy individual and organisational goals.*

2. **Define international marketing.**

*Marketing across national borders.*

3. **Explain the differences between marketing and international marketing.**

<b>DOMESTIC MARKETING</b>	<b>INTERNATIONAL MARKETING</b>
Familiar terrain for the firm	Generally new and unfamiliar
Less complexity involved	Deal with complexities of number of foreign environments
Takes less effort and time	Takes more effort and time
Less commitment needed on local operations	Needs a higher level of commitment

4. **List the key issues in the globalisation debate.**

1. Cheap imports are destroying manufac in developed and developing countries.
2. American mass media is promoting bland global monoculture.
3. Income inequality is widening.
4. Poverty in developing world persists
5. Living standards are depressed as countries compete to attract footloose capital.

5. **Examine the benefits of international marketing for businesses and countries alike.**

- **Increase sales:** Selling abroad generates additional sales not possible before.
- **Increased profits:** Increase sales generally translate into increased profits.
- **Reducing risks:** Able to reduce effect of an economic downturn in local market.
- **Achieving economy of scale:** Increased sales as result of exports means that firm able to produce more with their capital.
- **Overcoming seasonal limitations:** Can export goods to markets with seasons opposite to SA to have more stable sales.
- **Extend product lifecycle:** Product that has reached end of lifecycle in local market, may find respite in market abroad.
- **Achieving higher level of quality:** Has to become efficient in all activities, improving overall international competitiveness.

6. **Analyse the fundamental factors in a business that contribute to export success.**

**MANAGEMENT COMMITMENT:** Without management commitment at snr level it is likely that: resources will be inadequate and staff motivation will be lacking.

**SOUND FINANCIAL BASE:** Foreign market development can be costly. Need a sound financial base to cope with additional strain.

**EXPORTABLE PRODUCT:** Product must be high in demand and meet required quality standards.

**DEDICATED PERSONNEL:** Important to hire personnel that are capable and dedicated. Amount of staff will depend on budget.

**COMMUNICATION AND ADMINISTRATION SYSTEMS:** Effective communication and administration systems need to be introduced before launching.

7. **Explain the stages in the process of internationalisation.**

1. The domestic marketer

- First participate in domestic market.
- Local firms focused on selling in city or province and then becoming national

2. Potential export marketer

- Have a basis on which they build an export business
- Needs to cope with national market first

3. The export marketer

- May export occasionally or regularly.
- Deliberate strategy in place - committed to exports and allocated resources

- Indirect exporter:
- Direct exporter:

- Indirect: When local company sells products to another local firm that then exports goods
- Direct: Takes responsibility for own exports.

4. International marketer

- When company enters number of foreign markets
- Exporter begins to focus on adapting product to fit environmental differences.

5. Multinational marketer

- Extension of multi-domestic marketing
- Multi-domestic company expands further by using its overseas bases to launch region export initiatives

6. Global marketer

- Co-ordinates marketing efforts in various regions around world in way in order to achieve standardised marketing efforts across marketing mix

## **STUDY UNIT 2:**



### **(1) Describe the marketing audit process.**

Def.: Formal comprehensive and systematic process in which org independently assesses environment, objectives, strategies, activities, resources, competencies and performances.

#### **SIX MAIN ACTIVITIES:**

1. **Marketing environment audit:** This audit focuses on on the macro- and task environments of the firm.  
Includes:
  - Macro environmental analysis that explores social, legal, political and technological environments for potential impact on success
  - Quantitative analysis: Regression and Correlation analysis
  - Qualitative analysis: Such as focus groups, depth interviews
2. **Marketing strategy audit:** Focused on external environment. Identifies opportunities / threats and their probability / impact on firm.
3. **Marketing organisation audit.** Focused on internal org analysis. Assess org's strengths / weaknesses.
4. **Marketing systems audit:** Focuses on policies and procedures firm uses in:
  1. Building insight about env and stakeholders.
  2. Crafting intent by engaging employees
  3. Engaging in interaction with stakeholders
5. **Marketing function audit:** Analyses doc key marketing functions within firm.
6. **Marketing productivity audit:** Examines pertinent financial data to assess return on marketing investments in products and services.

### **(2) Examine the interrelation between mission, objectives, strategies and structures and their impact on marketing strategy.**

- Mission and vision: Outlines aspirations for the future position of the firm, mission concerns the present business scope and purpose
- Objectives: Strategic, measurable, achievable, realistic and time-bound goals that translate the mission and vision into more detailed strategies and tactics that serve as performance targets
- Strategies: Plans, patterns of behaviour and position in relation to the product markets or competitors that emerge as firm act to achieve its objectives, strategies translate objectives into action
- Structures: The way that work is organised within the company and the patterns of reporting and communicating relationships within the company

**(3) Explain the importance of responding to all stakeholders in international marketing.**

1. Stakeholders are the lifeblood of any business and they equally need to be attended and communicated to.
2. Stakeholders of a firm may include customers, suppliers, labour unions, its employees, political chains, environmentalist, government leaders, trade regulators and media and they are all vital to the survival of the business.

**(4) Describe how international marketing segments are defined and targeted.**

International market segmentation is the process of defining relatively homogenous groups based on shared preference that relate to purchase and consumption behaviour.

International marketing segments can be defined and targeted by:

- Behavioural class
- Believe system
- Environmental influences
- Individual differences
- Geographical segments/bases
- Buyer characteristics
- Demographics
- Purchasing situation/approaches
- Operating variables

**(5) Explain how firms evaluate and select target international marketing segments.**

1. The market and its potential- market assistance information is obtainable to agencies such as UN, World bank, chambers of commerce etc
2. The regulatory and legal influences on operations- this includes government regulations, law and tariffs import and are equally important to take into account.
3. The likely nature and structure of competition- the marketing audit process helps identify players who shape and structure of competition in abroad markets
4. Standardization and adaptation- standardization seeks to capture the benefits, while adaptation seek to maximize responsiveness to local markets
5. Resources and market participation- this plans major role in determining competitive advantage/performance
6. Assessing Risk and Rewards- financial and economic risks include potential loss to investments in market development

**(6) Analyse how resources and competencies affect marketing strategies.**

**Resources** and **competencies** play a major role in determining competitive advantage and performance. Resources analysis is conducted by viable alternative market participation strategies for market are identified and match between the firms resources necessary to participate in the market are assessed It is important to assess the marketing resources including external linking's capabilities, reputational assessments, market innovation capabilities, human resources and marketing cultures et

### (7) Discuss how firms decide on adaptation/standardisation.

- **Executive summary:** Captures the main marketing objectives, expected sales results, key situational, financial results and key country strategies
- **Marketing objective:** Presented in the beginning of the marketing plan and be related to mission, objectives, strategies and structures
- **Situational analysis:** Reports appropriate information that was collected during the marketing environment audit in level detail required so that marketing plan users can understand them
- **Marketing Environment:** Analysis draws largely on the audit of the task environment, information required on this stage focuses downstream stakeholders such as customers, distributors and agents
- **Competitive environment:** Section details the significant elements of the competitive environment including basic business performance of key competitors at the global and regional level
- **Summary:** Strengths, Weaknesses, Opportunity and Threats- this include a short section summarizing the external opportunities and threats facing the firm
- **Segmentation, Targeting and Positioning:** Marketing plan should include detailed information about how international markets segments were identified and how the target segment were selected
- **Country strategies**
- **Marketing mix strategies**
- **Resources**
- **Key success factors and assumptions:** Section is important because it serves to focus everyone's mind on the reasons why strategies where chosen and what is required for success
- **Scheduling, control and evaluation:** This summarizes agreed timelines, control and evaluation procedures, strategic administrative and operational marketing goals are written in style format of SMART.

### STUDY UNIT 3:

#### (1) Identify the different levels of culture.



**National culture:** involves all the assumptions and the legal framework within which the business activities are conducted.

**Industry Culture:** related to the branch of industry concerned and has to do with business behaviour and ethnics found in a particular industry

**Firm culture:** each firm has its own unique elements of culture such as beliefs and behaviour.

**Individual behaviour:** refers to the behaviour of the employees of the firm

## (2) Evaluate Hofstede's and Trompenaars' cultural value dimensions respectively.

### HOFSTEDE:

Aim: to explain how values, shared by individuals in a culture, underlie behaviour.

Five dimensions:

1. **Power distance:** Extent to which less powerful members of society, firm or family accept/ expect that power is distributed unequally among members.
2. **Uncertainty avoidance:** Presents society's tolerance for uncertainty and ambiguity.
3. **Individualism:** Extent to which members of society promote individual self-interest.
4. **Masculinity:** Masculine culture prizes values such as assertiveness, materialism and limited concern for other members.
5. **Time orientation:** Involves members of society's orientation to the future.

### TROMPENAARS' cultural value dimensions:

Aim: work was to measure cultural differences across the globe.

Seven dimensions:

1. **Universalism:** Gen codes, values, standards and rules have priority over needs and claims of other  
**VS**  
**Particularism:** Obligations that come with relationships are more important than obeying rules.
2. **Individualism:** Take own initiative and concentrate on themselves.  
**VS**  
**Communitarianism:** Will set community before themselves

**Neutral:** Individuals repress emotions and appear more neutral to joyous / depressing events.

**Affective:** Express emotions in reaction to certain events or circumstances.

1. **Specific vs diffuse:**

**Specific:** Concentrate on hard facts, standards and contracts.

**Diffuse:** Value relationships and focus on deals after relationships established.

2. **Achievement vs ascription**
3. **Attitudes toward time**
4. **Attitudes towards the environment**

## (3) Explain the values theory and discuss measurement of cross-cultural values.

Ten cross-cultural values:

1. Power
2. Achievement
3. Hedonism
4. Stimulation
5. Self-direction
6. Universalism
7. Benevolence
8. Tradition
9. Conformity
10. Security

#### **(4) Discuss the different forms of cultural analysis.**

1. Communication typologies
  - Contextual vs personal
  - Direct vs indirect
  - Elaborative vs succinct
  - Instrumental vs affective
2. Value dimensions
3. Social axioms

#### **(5) Examine the meaning and role of the self-referencing criteria.**

Self-referencing refers to **when a person views another culture with an evaluative and egoistical approach with the references to his/her own culture**. Self-referencing criteria **helps marketers not only to regard culture of its domestic market as superior to other cultures when analysing foreign markets**.

#### **(6) Analyse the relationship between culture and international marketing**

1. The customer in the international market: an international marketer needs to determine the religion, attitudes, beliefs, customs, manners and many more elements when trying to understand the customer.
2. the marketing mix in the international marketing  
The marketing mix is influenced by the culture of the specific country.
3. delivering value in an international market  
Due to differences in material culture in terms of economic, financial, social and marketing infrastructure, it makes it very difficult to deliver similar value to all customers all over the world.
4. business ethics in the international marketer  
Ethics refers to the right or appropriate and what is wrong and inappropriate.

#### **STUDY UNIT 4:**

(1) Provide practical examples of ways in which the law influences people's business and social activities.

- Understanding the law is essential for everybody, but more so for international marketers, because trading across the borders of countries can put trading partners at risk. Violation of legal regulations can be costly in terms of money, time and reputation.
- The law is intended to organise societies so that people can interact and carry out their activities both safely and productively.

**(2) Describe the three main components of the international legal environment and explain how they interact.**

- **National law:** Refers to a country's domestic legal systems, which has evolved over time and is applicable to a certain country
- **Public international law:** Refers to a set of rules that governs the relationship between countries and the operation of international organisation such as UN, IMF and WTO. It addresses the issues such as territory, human rights, conflicts, economic, trade relations and rules
- **Private international law:** Refers to a set of principles followed to determine which country national law will govern legal proceedings in the event of dispute which cannot be resolved by parties themselves

**(3) Compare the legal tradition and system of national law of South Africa with those of another country of your choice and give your opinion on how easy or difficult it would be for businesspeople from each country to enter into an international business contract.**

**(4) Using examples, explain why international marketers need to have an appreciation of the law and its different applications both in a local and international context.**

International marketers need to have an understanding of legal requirements in the countries where they wish to operate, because these requirements can affect the costs and efficiency of international sales transactions.

- **Marketing mix considerations:** International marketers should consider the factors such as import restrictions, whether as a result of quotas, tariffs, technical requirements, labelling and packaging requirements, product liability, pricing, taxation laws and distribution networks
- **Different approaches to controls in different parts of the world:** Contracts capture the essence of agreement between trading partners and the contract stipulates the rights and obligations of contracting partners/parties.
- **International dispute settlement:** Should the trading partners encounter disagreements they should settle according to the terms in the contract, by means of mediation, arbitration and litigation.

**(5) Discuss the different ways of resolving international business disputes.**

#### **M A L**

- **Mediation:** Engaging the services of a third party to mediate, that is participating objectively in the debate with a view of resolving a problem
- **Arbitration:** Involves a third party who hears the two sides of the conflict and then evaluates the merits and draws up a conclusion
- **Litigation:** Involves the settlement of the dispute in court in order to resolve the parties' differences

**(6) Compare the respective contributions of the following organisations in the field of international trade law: UNCITRAL, UNIDROIT, WTO, WIPO, ISO, ICAO, WCO and ICC**

- **UNCITRAL (United Nations Commission on International Trade Law)** focuses on harmonising international trade practices through international conventions and model laws pertaining to specific disciplines.
- **UNIDROIT (United Nations International Institute for the Unification of Private Law)** concerns itself with the coordination and harmonisation of private law of members.
- **WTO succeeded GATT (General Agreement on Tariffs and Trade)** and advocates free trade. Generally, but not necessarily, member countries align their trade policies with the policies advocated by the WTO. The current round of negotiations started in 2001 and is known as the Doha Development Round. These negotiations aim to lower trade barriers such as tariffs and quotas to ensure freer trade between trading partners. Talks have stalled owing to a divide between the USA, the EU and major developing countries.
- **WIPO (World Intellectual Property Organisation)** focuses on the creation, promotion and administration of international norms and standards relating to the protection of the intellectual property rights of member states.
- **ISO (International Organisation for Standardisation)** promotes standardisation in international business to facilitate the exchange of goods/services. ISO standards specify the requirements of state-of-the-art products, services, processes, materials and systems and for good conformity assessment, management and organisational practices, designed in a way that can be implemented worldwide. As such, ISO standards level the playing field.
- **IAO (International Aviation Organisation)** focuses on improving safety in civil aviation worldwide. An example is guidelines that member states can apply to reduce the risk of pandemic influenza being spread through air transport operations ([www.icao.org](http://www.icao.org)).
- **WCO (World Customs Organisation)** promotes harmonisation and standardisation in customs procedures among its members.
- **ICC (International Chamber of Commerce)** represents businesses that speak with authority on behalf of enterprises from all sectors in every part of the world. Issues addressed include rules of conduct to combat extortion and bribery, including a stronger rejection of facilitation payments and a requirement that companies establish confidential channels for staff members to seek advice and report violations without fear of retaliation.
- 

**STUDY UNIT 5:**

**(1) Discuss how economic developments influence globalisation.**

Globalisation is **the increasing interdependence, integration and interaction between people and corporations in disparate locations around the world**, the interrelationships reflect the growing economic interdependence of countries worldwide through increasing volume and variety across borders transactions in goods and services. The countries across the globe have economic relationships through economic trade, social interaction, technological developments and cultural interaction.

**(2) Examine the different types of global economic system structures and levels of economic development.**

1. **Free market economy**- free market economy allocates resources by way of supply and demand, buyers and sellers interact freely with no form of government interaction



2. **Subsistence economy**- in this economic system group of people obtains the necessities of life through self-provision, wealth is not measured in currency but measured in natural resources, such as farming and cattle.
3. **Centrally planned (command economy)** - command economic system is where single agency makes all the decisions about the production and allocation of goods and services, the state controls the factors of production and makes all the decisions about their use and distribution of income
4. **Mixed economy**- in this economic structure most decisions are made by the market, that is supply and demand, however some decisions are made by the government such as building of schools, hospitals, roads and military provision.

**Levels of economic developments**

- **More developed countries:** Characterised by well-developed industries and high per capita income in terms of standard of living, eg USA, Germany, England, Canada and Japan
- **Less-developed countries:** Developing industries and high per capita income in terms of standard of living, eg SA, Nigeria, Botswana etc
- **Least- developed economies:** They are characterised by underdeveloped industries and economies, low per capita income and little of no international trade activity, eg Angola, Benin, Ethiopia etc

**(3) Analyse the different economic and socioeconomic variables in the global environment and discuss how each of these influences the firm's international marketing decisions in a foreign country.**

1. **Economic dimensions:** Includes GNP and GDP, income distribution, government consumption, private consumptions, inflation and exchange rates
2. **Gross national and gross domestic products:** Used to measure the size economy of the country
3. **GNP per capita and GDP per capita:** GDP per capita reflects the value of all final goods and services produce within a country in a given year
4. **Income distribution:** Measures how the country's national income is divided among the members of the population
5. **Private consumption:** Includes most personal expenditures of households such as food, rent and medical expense

6. **Gross domestic investments(GDI):** Form of spending in capital goods such as housing, machinery and equipment
7. **Government consumption:** Refers to the spending of government on public goods and payment of employees' salaries and wages
8. **Inflation:** Rise of general level of prices in a country
9. **Exchange rates:** Crucial terms of pricing which forms part of the marketing mix

#### Socio- economic dimensions

- **Market size:** Indication of market potential
- **Population growth:** Change in the number of individuals of population per unit of time
- **Population density and distribution:** Number of persons per unit of area
- **HIV/AIDS:** Crucial measure because it affects the well-being of people, their ability to earn income and spending terms

#### (4) Describe how a country's infrastructure (transport, communication, energy, commercial infrastructure, etc.) influence the nature of a firm's marketing activities in that country.

- ➔ **Transport:** Important to international marketers because it influences the distribution of their products and services
- ➔ **Communication:** Important to international marketers because it affects the promotional strategies in place
- ➔ **Energy:** Used in production of goods and services so it affects the product of international marketer
- ➔ **Commercial infrastructure:** Access to and the quality of support services such as insurance, wholesalers and retail outlets and roads
- ➔ **Urbanisation:** This variable is also important to international marketers because people living in the cities may differ from those in rural areas in terms of attitude, income, education and spending patterns

#### (5) Explain why the degree of urbanisation is a useful indicator to determine a country's market potential.

The level of Urbanisation in the potential market is important when evaluating the market, the level of Urbanisation will directly influence decisions concerning the product and strategies such as customisation and standardisation of product or services

## **STUDY UNIT 6:**

### **(1) Explain the importance of assessing the political environment from an international perspective.**

Businesses operate within the boundaries of the political environment of the target country. International businesses need to assess the changing political environment and determine the likely consequences on the business.

### **(2) Describe the influence of the four different sub-environments on international business.**

- **Host country environment:** Political environment developments in the country in which the business has invested e.g government actions, policies, social and political actions
- **Home country environment:** Political developments in the country where the business is based
- **International environment:** Concerned with political developments in other countries, regional organisation and political groups as well as NGOs
- **Global environment:** Political developments that transcend individual countries or groups of countries such as UN, IMF and World Bank

### **(3) Identify key political concepts in the context of international marketing.**

1. **Political stability:** Political change has minimal adverse effect on business operations
2. **Sovereignty:** Government is the ultimate source of political authority, internal sovereignty is when government is able to determine its own systems, economic and social control, external sovereignty is when the independence of a country is stable
3. **Political intervention:** Action by governments forces businesses to change their strategies, policies and operations
4. **Political turmoil:** Any action by political government, religious and ethnic group that can result in the harming of the business e.g civil conflicts, religious tensions, ethnic tensions and political violence pg 243 – 246 Textbook

### **(4) Explain why political risk assessment is important. (READ ONLY)**

### **(5) Examine the different risk assessment tools.**

1. **Political risk indices-** measure current and possible future events that may impact on the international marketer' activities
2. **Growth competitive indices – GCI** is used by international marketers to assess the potential growth of business markets in 133 countries.
3. **Scenario planning-** creates possible alternatives about the future in instances where countries are affected by turmoil, statistics may not be available to compile indices, international marketers must therefore improvise and use scenario planning

## (6) Evaluate the strategic marketing responses to political risk.

- ⇒ **Tolerating risk:** Risk levels are bearable and therefore nothing need to be done in this instance
- ⇒ **Minimising risk:** Aims to reduce the potential impact of risk by forming joint venture with local partners
- ⇒ **Diversifying and hedge risk:** Spreading of risk, this means branching out into more than one country
- ⇒ **Concentrating risk:** Business deliberately exposes itself to political risk by operating in a particular region or country.
- ⇒ **Transferring risk:** Involves the outsourcing of parts of operations to local business and as such transferring risk to them
- ⇒ **Insuring risk:** Transferring risk to the insurance company, if the risk materialise, the exporter can then claim damages from the insurance company.

## STUDY UNIT 7:

### (1) Describe how the physical environment of a given country influences the international marketing of a firm entering that country.

The physical environment of a country refers to the natural environment that exists in particular country, the following elements international marketing manager need to take into account when entering foreign country

- **Topography:** Aspects such as country's rivers, forests, dams and mountains and they layout of the features of the land in country have implications for the international marketers and has to influence over where population of the country settles
- **Geographic factors: Proximity:** Closeness of the international markets to the home country e.g SA and Zimbabwe are close to each other and won't require freight to transport good from one country to another
- **Natural resources:** Natural resources of country are extremely valuable and place that country in a position to trade with other countries which do not have sufficient access to that resources. **Types of resources: infinite, finite renewable and finite non-renewable pg 56 sg 281 TB**
- **Energy:** Important for the international marketers to evaluate the availability of power within the country that is targeted for entry. Energy is conserved quantity, meaning that it cannot be created or destroyed, but only converted from one form into another.
- **Climate:** It is important for the international marketer to be aware of the climate of the country which intends to enter. Climate is especially important in the production of agricultural products that are used as inputs in the food products.
- **Pollution:** Important issue for international marketers to consider when operating in a foreign country and their pollution laws. Pollution is the release of environmental contaminants. The major forms of pollution include air, water, soil, light, and visual pollution.

**(Put in short, maybe read up a little more. This could be a long question)**

**(2) Explain the nature and scope of the technological environment and analyse the impacts of this environment in the international context. (TB)**

**(3) Explain the relevance of the digital divide when engaging in international marketing. pg 301 TB**

### **STUDY UNIT 8:**

(1) Discuss the process followed by an enterprise when conducting international marketing research.

1. **Problem definition-** this first step of international marketing research process involves formulating research objectives and identifying threat or opportunity, challenge or situation that requires decision, known as the problem formulation.
2. **Development of research plan-** it involves the plan that will be implemented to resolve the problem and specify the tasks to be undertaken and evaluating alternative methodologies that can be used
3. **Data collection-** this stage involves the data that is collected according to the chosen research method, it also involves identifying sources, conducting of interviews/questionnaires and collection of data from these sources (external or internal)
4. **Data interpretation-** this stage involves interpretation of data that is collected, it involves integration and organizing relevant data, tabulate, classify and cross classify data and data should then be processed and converted into relevant information for decision-makers.
5. **Summary of findings and report -** this last stage involves the interpretation of data and their significance for decision making purposes, summarizing findings in easy and understandable format and finally the conclusions are communicated to the decision makers involve in research process

#### **2. What is marketing research?**

MR can be defined as the systematic gathering, recording, analysis, interpretation and presentation of information on problems relating to the marketing of goods and services. It is possible to ensure objective information that reduces the risks relating to decision-making in a complex setting.

**(2) Examine the benefits and limitations of the three major types of export information.**

- **Export market research information**  
This is primary data that is, specifically collected for the purpose at hand. This type of information is time consuming and very expensive irrespective of whether the firm itself conducts the research.
- **Export market assistance information**  
This is secondary data, that is, information that is already available from agencies providing general information that could be valuable to the export marketer.
- **Export market intelligence information**  
This is secondary data, but it is collected from stakeholders such as staff members, suppliers, customers or competitors. This information can be specific to and of strategic relevance to the firm.

(3) Describe typical types of research that international marketers use, and the purpose of each type.

- **Product research-** focuses on when to add, delete or change a product, the researcher may use focus groups or qualitative research to generate ideas for new products
- **Promotion research-** the main aim is to provide information on the best way to communicate with the target market through selecting the appropriate advertising copy and media
- **Distribution research-** provides information on availability and desirability of distribution channels, undertake surveys on shopping patterns, consumer behavior and attitudes
- **Pricing research-** focus on collection of information on the ability of consumers to pay and the effect that pricing has on demand, price elasticity.

### STUDY UNIT 9:

(1) Analyse the international product planning process, focusing on decisions about product standardisation and product differentiation.

- **Product standardization-** is when an organization standardize the production on the product worldwide ie. It sells the same products throughout the world
  - ✚ Economies of scale
  - ✚ Savings in development cost
  - ✚ The technical content of products is basically homogeneous
  - ✚ Customer mobility
- **Economies of scale-** refers to the manufacturing cost per unit declines because of full optimization of machinery and personnel
- **Savings in development costs-** the developments costs are amortized over more units, resulting in savings on development costs per unit
- **The technical content of products is basically homogenous-** most industrial products have the same content, making the standardization option very attractive
- **Consumer mobility-** customers today are very mobile and expects to be able to buy the same products throughout the world, e,g costumers buying coke is SA will expect to get the same product in China.
- **Product differentiation-** implies that the exporting manufacturer makes modifications to the product that intends to sell in the world.
  - ✚ Increasing profits
  - ✚ Variations in customer and country needs
  - ✚ Technical abilities
  - ✚ Specific country requirements
- **Increasing profits-** different countries have different customer needs, if organization fully meet this needs it will increase their sales and profits, in some instances specific country requirements will push manufacture to opt for product differentiation
- **Cost-benefit relationship**

The decision to standardize or differentiate depends on the cost-benefit relationship. The benefit should always be greater than the cost.

## (2) Explain the different aspects of the international product concept.

- 👉 **Products benefits:** The core aspect or core product that the customers want, customers want to buy products that meet their needs and satisfaction
- 👉 **Product attributes:** Elements of quality of the products, the brand name and packaging plays important role in marketing of the product
- 👉 **Marketing support:** Additional elements to the core and product attributes, which help to market the product eg. After sales service, personal delivery and product warranty
- 👉 **Product lines and product mix:** Group of products that are closely related, because they function in a similar manner

## (3) Demonstrate how the product life cycle and diffusion of products influence the development of international marketing strategies.

- **The pioneers-** first movers are adapting or buying the product
- **The early adopters-** the first major group buying the product
- **The early majority-** additional buyers that form a dominant group buying the products
- **The late majority-** the followers that may buy only when the products has proven its self
- **The late adopters** – even later buyer of the product.
- **The laggards-** the last group to buy the product



## (4) Explain the international new product development process. (KNOW IN DEPTH / LONG QUESTION)

- **Step1 : Idea generation-** a variety of tools could be used to generate ideas (brainstorming to primary research) if the product will be successful if launched to the market
- **Step2 : Preliminary screening-** the idea screening provides the organization with better idea of the design parameters needed in the development of the product
- **Step3 : Product concept research-** this step entails doing some market research to test the product concept in the marketplace, organizations can use techniques such focus groups and field survey
- **Step4 : Sales forecasting-** at this stage the product is formulated and potential target market is identified, after this it is possible to calculate the sales potential per segment and competitors
- **Step5 : Test marketing-** here the manufacturing of the product will start and the product must be tested and marketed in certain geographical areas
- **Step6: Eliminating obsolete products-** with any product or service in the world, the organization will eventually eliminate obsolete products and services because of lack of profit and the quest of new product innovation.

**(5) Examine the role of brand management in global markets, especially the role the country of origin plays.**

The international marketer can use brand management to identify the products and encourage repeat sales and encourage new product sales. The country of origin affects customer's perception of products quality, brand image and purchase decisions, country of origin biases have a positive impact implications for example cars made in Germany are perceived to be of high quality, while products from china are perceived to be of low quality.

**(6) Assess the specific problems relating to the selling of services and industrial products in the global marketplace**

- Customer services such as education, entertainment and health care are usually inseparable and require the production and consumption of service to occur simultaneously which makes export impossible
- Most customers services are exported by means of licensing, franchising and direct investments
- The marketing of customers services globally is slowed down by protectionism, control of cross date flows and protection of intellectual property rights
- The volatility of industrial demand, it is derived demand, meaning that demand of industrial product is dependent on certain consumption product
- The stage in the economic development of the country
- Market demand for industrial products

**STUDY UNIT 10:**

**(1) Describe the functions performed by members of the distribution channel. - done**

- **Transactional functions:** Involves buying, selling and risk taking. Purchasing products and resell them, promoting products to customers
- **Logistical functions-** bringing products from various places together, protecting products in such a manner that it reaches the customers in excellent conditions and logistical distribution
- **Facilitating functions-** obtaining credit to facilitate an overseas transactions, inspecting products and grading them on quality as well as gathering data on target market and competitors

**(2) Analyse the major market entry strategies that an exporter could follow.**

**1. Exporting**

Easiest way to enter market

Types:

**Indirect exporting:** Where exporter appoints another business inside country to act as go-between in marketing product in foreign markets. EX. Resellers and sales intermediaries.

**Direct exporting:** Exporter takes charge / control over channel by contracting final customer

**2. Licensing**

Exporting org offers foreign business right to use org proprietary knowledge in another part of world in exchange or royalties / compensation

<b>Advantages of licensing</b>	<b>Disadvantages of licensing</b>
<ul style="list-style-type: none"><li>• Less risks of having assets nationalised.</li><li>• Very little capital outlay is needed - with promise to attractive return on capital</li><li>• Access to markets that would have been closed to exporter</li><li>• In case of failure less risk involved</li><li>• Enables new products to be sold worldwide before compet develops</li></ul>	<ul style="list-style-type: none"><li>• Risk of developing a potential competitor after license agreement gets terminated</li><li>• Provides slow and eventually limited return on investment</li><li>• Gov can impose restrictions</li><li>• Difficult to control quality of product</li><li>• EX. Franchising &amp; Contract Manufac ( Read 382)</li></ul>

**3. Strategic Alliances :**

Refers to a business relationship that is developed between two or more organisations to work together and share the risks in achieving a joint objective

**4. Wholly owned manufacturing subsidiary**

Entry option is where manufacturing takes place in a foreign country by means of wholly owned manufacturing facility

**(3) Evaluate the channel alternatives available to the international marketer.**

- ★ **The prevalence of retail concentration-** in the USA there is evidence of concentrated retail systems with a few large organization dominating the retail industry e-g Game, ShopRite, Makro, spar and pick n pay
- ★ **Channel length-** this lies in with the concept of retail concentration
- ★ **The barriers of entry to get into the distribution channel-** this is where relationships between intermediaries have been established for decades making it difficult for foreign entry
- ★ **Channel quality-** refers to the expertise and skills of establishing retailers and their ability to support foreign business products

**(4) Explain the role of the domestic channel members.**



- **Foreign country buying agents-** work for a commission and are typically small brokerage houses, they have good interaction with foreign countries and they act on behalf of exporter
- **The export merchant-** They take title to the product with the intention of reselling it for profit
- **The distributor-** they buy from the exporter in order to resell at a profit, they take responsibility for the market and any logistical issues and administrative activities
- **Wholesalers and retailers-** Buy from foreign manufacturer and sell them in local markets eg, ShopRite checkers and Woolworths imports some of its merchandise

**(5) Examine the role of the foreign country channel members.**



- **Selling directly to the customers-** they sell to organizations in the foreign country or use the manufacturer's representatives
- **Domestic intermediaries-** they purchase some goods from the manufacturer in order to resell them for profit
- **Trading companies-** it normally buys and sells for its own account, but can also act as an agent for a manufacturer
- **Export management companies (EMC) -** they work under contract for the manufacturer of products such as types and spare parts or they can also work for producers of agricultural products

**(6) Explain the steps in the channel management process.**

- **Step 1 : Channel design -** channel design should take into consideration factors such as geographic locations, purchasing power, distribution, storage, advertising, financial resources and regulatory laws
- **Step 2 : Channel selection-** the selection of the distribution and the specific channel members will depend on the distribution costs, the degree of control, market coverage and distribution service time span
- **Step 3 : Channel management process-** low sales volume or lack of finance impedes many channel members from performing as expected and another channel member may change loyalties, it is important to continually manage channel members and train their staff and motivate them to be able to have and maintain reputation.

## **STUDY UNIT 11:**

### **(1) Explain the role of marketing communication in international marketing.**

Communication informs the international customers of the available products and services, it also serves to remind international customers of the availability of the products and services and then encourages them to buy them

- **The communication model-** in the international business the model entails three basic elements, sender, a message and the receiver
- **The multi-national communication process-** in the international context one of the most common types of noise is cultural noise, the success of the communication is reflected by the outcome it produces
- **Differences across cultures-** the differences across culture may facilitate or hinder communication between firm and different societies
- **Non-verbal communication-** international marketers should be aware of the nonverbal systems of the target audiences

### **2. Discuss the communication model in an international business context**

The marketing communication model in an international entails three basic elements, sender, message and the receiver

- Sender encodes the message and converts it into a symbolic form that should be understood
- The message channel is path through which the message goes from the sender to the receiver
- The receiver decodes the message by transferring the symbol into meaning

### **3. Identify the reasons for international marketing communication failures, including translation issues**

- Inconsistent messages to the customers by employees at different levels and from different cultures and countries
- Different presentation style and different corporate or brand messages from the different departments and country units
- A lack of coordination of messages across various country markets
- Failure to appreciate the differences in perception of the sender and receiver
- Factors beyond the control of the company e.g counterfeiting, importing of goods, competitions and regulation laws
- Translation problems which leads to communication barriers

### **4. Compare the standardisation and adaptation approaches to international marketing communication**

**Standardisation-** important factor leading to standardisation, the company benefits from economies of scale in terms of costs, added value can be gained through consistent brand and messages

**Adaptation-** the main factors leading to adaptation is the cultural differences across customers in different countries eg, through political systems, languages and the climate changes.

## 5. Discuss the six strategy options for standardisation or adaptation

- **Same products-same messages-** this can be done when target markets vary little in terms of products use
- **Same products-different messages-** the product may satisfy a different need or be used differently
- **Product adaptation-same messages-** this is when the product is basically still serving the same function
- **Product adaptation- message adaptation-** sometimes both product and messages are adapted for foreign markets
- **Different products-same messages-** in some countries the product may be different due to economic factors
- **Different products- different messages-** here both products and messages are different

## 6. Explain the issues involved in developing an international communication strategy

The objectives for the international campaign have to be clear and precise and coordinating of all the activities in a cost effective manner

## 7. Differentiate between a pull strategy and a push strategy

- **A push strategy-** means that the marketer will emphasize pushing the product through distribution channels personal selling plays important role rather than advertising
- **A pull strategy-** uses more advertising tools to generate demand at end-user level, the economies of scale of consumer goods means that they often prefer to use pull strategies to pull product through distribution channels

## 8. Explain the different marketing communication tools that can be used to communicate to targeted audience

- ❖ **Personal selling-** occurs when the customer meets the representative of the company face to face
- ❖ **Exhibition and trade fairs-** these are good, easy to meet customers in a cost effective manner, and it allows the monitoring of competitors
- ❖ **Public relation/publicity-** these are attempts to benefit from unpaid media reports, it is done through providing newsworthy stories and events
- ❖ **Trade missions-** these are organized visits to a region or country by business executives from industry in another country
- ❖ **Sales promotion-** these are used to add value to a sales and should be part of integrated effort to be effective
- ❖ **Direct marketing-** use of direct mail and increasing use of emails
- ❖ **Sponsorships-** this involves providing financial or other support for an event a product or services in return for some advantage of publicity
- ❖ **Advertising-** the objectives of advertising is to have the biggest exposure of the product /brand to the largest audience
- ❖ **New media'** blogs, vblogs, social media, widget, podcast, wikis, online forums, online media rooms, mobile marketing

## STUDY UNIT 12: PRICING FOR INTERNATIONAL MARKETS

### 1. Describe the importance of the pricing decision in the international context

Setting the right price for a product can be the key to success for a firm, foreign buyers like domestic buyers balance quality and value with price in their purchase decision

To ensure optimal sales international marketers need to a price that properly reflects the product perceived value targeted by customers. For firms operating in competitive international markets prices can important competitive tool in dealing with close rivals and substitute products and services  
Price is an important tool for building and sustaining an intended product positioning strategy

### 3. Explain the use of different pricing and marginal cost pricing in international pricing

- **Differential pricing-** the exporter here takes advantage of difference in the environmental condition existing in different countries to establish different prices for each product in each market
- **Marginal cost-pricing-** additional expenditure required to produce an additional unit output, the technique divide all costs into fixed costs

### 4. Explain why and how prices escalate in export selling

Export price escalation refers to a situation in which export prices of a product are set sustainably higher than domestic prices in order to accommodate costs incurred as a results of exporting products from one country to another

Costs of exporting includes, tariffs, other taxes and administrative costs, inflation, financing charges, exchange rates fluctuations, middlemen and transportation costs

### 5. Describe international pricing objectives and strategies



- **Profit maximization-** refers to setting prices so as to increase the revenue as much as possible to relative costs
- **Meeting target rate of return-** companies can use pricing to help them achieve a predetermined level of profitability
- **Sales maximization-** company will set prices with the aim of maximizing sales revenue or sales quantity without much regard to profit
- **Maintenance or improvement of market share-** pricing can be used to help in defending market share and grow it
- **Market price stabilization-** here firm chooses to stay away from competing on the basis of prices so as to avoid retaliations from market leaders
- **Differentiation-** it involves creating different perceptions of product value for customers
- **Survival-** prices are set to cover essential costs and stay in business
- **Discouraging other firms from entering the market-** competitors can be discouraged from entering the market by establishing low prices which indicate to potential competitors the prospecting of low returns

### Pricing strategies for international marketers:

- **Skimming price strategy-** refers to intentionally set a price high relative to the competition, it relates to the idea of skimming profits of the top of the market
- **Market penetration strategy-** it involves setting of lower prices in a market in order to stimulate sales growth and capture a large market share
- **Status quo pricing strategy-** it involves pricing products as to meet competitors prices or to maintain the existing ones, it is good strategy for a firms that is aiming at market prices stabilisation

## **6. Explain the international pricing determinant process**

- ★ Target market analysis
- ★ Analysis of internal organisation
- ★ Determine pricing strategy
- ★ Select the most suitable pricing method
- ★ Estimate price range including floor and ceiling prices
- ★ Check consistency with
- ★ Select actual prices
- ★ Monitor performance and make adjustments where necessary

## **7. Identify and discuss the different approaches to international marketing pricing**



- **Cost oriented pricing-** the principle of cost-oriented pricing is that the firms calculates the costs of producing each unit of a product and adds to this base costs as percentage, it includes full-cost pricing and marginal cost pricing
- **Competitor-oriented pricing-** here the prices can be set so that they are lower, higher or same than competitors
- **Demand-oriented pricing-** is the pricing method in which prices are primarily determined by how much customers are willing to pay for a product, when the demand is high the prices are charged high, vice versa.
- **Market-oriented pricing-** this is a pricing method that involves the setting of prices based upon a good understanding of customers, a focus on competitors and effective internal coordination factors such as costs, competition, and value to customers need to be taken into account in market-oriented pricing.

## **8. Describe the use of counter-trade as a pricing tool in international marketing**

Counter trade covers various forms of trading arrangements where part or all of all payments for goods is in the form of other goods or services and price setting and financing are dealt with together in one transaction, goods are sold for other goods. Reasons for counter-trade are :

- Overcoming liquidity problems
- Increase sales volumes
- Dispose of distressed inventory
- Overcome foreign exchange inventory
- Overcome low credit worthiness
- Gain entry into the new markets
- Building long-terms customer relationships

## **10. Explain how export price quotations are used in international marketing**

## **STUDY UNIT 13- THE INTERNET AND INTERNATIONAL MARKETING**

### **(1) Define the internet and explain the relationship between the internet and the web**

The internet can generally be defined as a worldwide interconnected network of computer networks, it is the global networking infrastructure that enables computer networks around the world to communicate with each other

The web is a way of looking at and organizing information on the internet, it is basically the a subset of the internet and organizes information according to web pages.

### **2. Explain the benefits of the web, particularly from international point of view**

Large amount of information can be easily be stored and updated on the internet and are accessible to everyone connected to it

Internet can be easily be accessed on the mobile phones, making it simple to access it throughout the world

The information on the internet can easily be presented in multimedia forms including text, sound, video and animation

The information on the web is immediately available to global audience

The internet information is interactive, the users can complete reply or order form and send email messages to anyone worldwide

The web is an affordable environment to use for both the user and supplier of information

The web allows to reach masses, it has over 700 billion users and it is expected to grow further

### **3. Define E-commerce and its impact on global trade**

E-commerce can generally be defined as conducting of any business over the web, and it has had the positive impact on global trade. Companies around the world can now use internet to trade with diverse range of customers all over the world with low costs and has made business communication easier and faster through emails, it further helps to overcome traditional barriers to trade.

### **4. Discuss how E-commerce can be used as a means of entry into a foreign market**

E-commerce operates within tpa market-space a virtual world so to say, individuals and companies can now be involved in international business without having to move cross-countries. Technologically advanced software's are now being used which enables customers around the world to purchase goods online, make online payments for them so the goods and services bought can be dispatched to the immediately.

### **5. Explain the role of the internet in facilitating international marketing research**

The diverse information on the internet helps with the gathering of secondary data of marketing research extremely easy as compared to traditional secondary data gathering, the data from secondary sources such as e-newsletter, blogs, chambers and companies are easily accessible. The internet can also be used to gather primary data by conducting online focus groups or online surveys across borders.

### **6. Identify how the international marketing mix can be adapted to incorporate technologies such as internet.**

The international products and the internet- with many e-commerce websites on the internet

it is clear any product can be sold on the internet, physical products can be ordered online and delivered to customers.

Online Pricing- in the online environment it is easier to price any product and change the pricing easily online than traditional pricing (read page 471).

Global distribution and the internet- Distribution is one aspect that has been radically changed with the move to online- based selling, the internet performs a number of functions simultaneously, it serves as a shop, a communication tool and a distribution channel that is linked to customers.

International Marketing communication online- The effect of online marketing communication has been remarkable with figures showing that sales have increased on the basis of a fraction of advertising budget, internet communication forms part of marketing campaign of business.

## **7. Address the need to internationalize a firm online activities**

It is extremely important for international companies to use internet to integrate its marketing activities, the use of internet is a mode of entry into the foreign markets. There are many advantages of conducting business online one of them being low costs with exposure to huge number of audience.

The internet is a great tool to use when international companies want to perform marketing research, it offers the opportunity to gather significant amounts of information that was not previously possible for businesses to gather prior to the development of the internet.

## **STUDY UNIT 14- EVOLVING CONTEXT AND FUTURE ISSUES IN INTERNATIONAL MARKETING**

### **1. Identify the importance of emergent consumer markets and lower-income countries for world trade**

Read page 554-556 for more detailed information about the two concepts

### **2. Identify the stakeholders in an international company and their influence on the firm's decisions**

Stakeholders can be defined as any group or individuals who can affect or be affected by the achievement of the firm's objectives and decisions. Normative stakeholders- they are customers, suppliers of capital, labour and materials and they are affected by the actions of the firms. Derivative stakeholders- they are competitors, the media and other interest groups, firms owe no moral obligations to them, but they can adversely affect the firm's performance and firm's ability to serve normative stakeholders.

### **3. Describe how national culture and behaviour inform and affect a firm's decision making process**

National culture can be defined as the values, beliefs, norms and behavioural patterns of the national group

Culture affects consumers' behaviour- culture affects every step of the consumer decision process; Need, Search of alternative information, purchase, consumption and post-consumption behaviour

Culture affects organisational behaviour- convincing evidence of the effect of culture on organisational behaviour has emerged from the 62 nation globe study on leadership and organisational effectiveness. Culture provides fine grained information about the way people prefer to relate to one another and provide information about the effective way of organising work and communication.

Culture affects effective methods of management- culture serves as a lens through which managers see the world, cultural bias inhibits the ability to recognise and respond to marketing opportunities, it encourage in appropriate stretegic decisions about market entry mode, oerational locations and way to relate to stakeholders.

**4. Explain the difference in focus between market orientation, learning orientation, technological orientation and innovation orientation and the respective benefits of these orientation on company peformance**

Market orientation- refers to the knowledge, producing behaviours and facilitates optimal learning

Learning orientation- refers to a set of organisational values that define the ability to create, share, utilize and manage knowledge. It encourages everyone in the company to continually acquire and share knowledge and understand its implication for strategic and financial performance and goal achievement

Technological orientation- appropriate technologies can be major driver of competitive success, it is type of strategic orientation that emphasise commitment to research and development, acquisition of new technologies and aplication of it thereof.

Innovation orientation- refers to a firm's openness to new ideas and its propensity to change by adopting new technology, acquiring new resources, skills and processes. It increases company's financial and strategic performance.

**5. Examine how export market orientation and export acquisition can be used to improve strategic and financial peformance**

Export market orientation can be defined as a set of business values,attitudes and practices focusing on building insights, crafting and managing interaction with exports markets. Export leadership, organisational characteristics, exports systems and hearing are influences that can be used to improve strategic and financial position of the firm.(read page 575)

Export information acquisition refers to the explicit process that serves and evaluates sources of export relevant information, collects and analyses potentially relevant information and shares it throughout and this imformation can be used to inform and improve strategic management of the firm.

**6. Broadly outline how each of the four main themes in this study unit influences the success of international marketing.**

The answer outline the following focal themes( read page 569-579) for for more info on each concept

The growing importance of emergent consumers markets and low income countries

The importance of stakeholders, national and behaviour

The imcreasing requirement to learn, adapt and innovate